

# Active Employee Health Insurance Reforms

## **Boards Authority Over Premium Rates**

Provides the Boards with the authority to change the premium rate for all classes of employee by a 2/3 vote of the Board. (Currently, by law in the SEHIP, the active employee single and Medicare retiree single contracts pay \$0. These two classes of employees represent over 50% of the insured contracts.)

## **Individual Premium Adjustments for Avoidable Risk Factors**

Provides the Boards the authority to use individual premium rating as a means of encouraging employees to assume more personal responsibility for their own health care. An individual's premium would be adjusted for attributes such as: smoking, wellness participation and preventive care compliance.

## **Allows Employees to Opt Out Of the Health Plan**

Eliminates mandatory coverage and allows an employee to opt out of the plan.

## **Active Employee Supplement to Other Employer Coverage**

Provides an employee who is eligible for another employer's coverage with the option to purchase a supplemental policy in lieu of full coverage through the State. The employee will have enhanced coverage. The supplemental policy will cost the State approximately 60% less than the full coverage under the plan.

## **Federal Poverty Level (FPL) Subsidy**

Provides for the reduction of the employee and retiree premium based on the federal poverty level guidelines, so that the coverage is more affordable for low-income families. Children of state employees otherwise eligible for the federal Children's Health Insurance Program shall receive the same level of benefits as children covered under the Children's Health Insurance Program.

## **Independent Actuarial Review**

An annual independent actuarial review of the State and Education Employees' Health Insurance Plans shall be performed by a national firm with skill and experience in reporting for such matters.

## **Full Disclosure by Contractors**

Contractors shall agree to full disclosure of their net cost of providing services to the plan. All contracts subject to independent audit. Penalty for noncompliance.

## **Penalty for Employees Providing False or Misleading Information**

Provides for a penalty for an employee who submits false or misleading information to the health insurance. Penalty includes repayment of claims plus interest and loss of employer contribution.

## **Corporate Status**

Provides the plans corporate status for the purposes of management of the health insurance plans. The plans have the power and privileges of a health insurance corporation, which includes holding its cash reserves in trust for the purpose for which received.

## **Mandatory Pre-Taxed Employee Contributions**

Employee premium contributions shall be deducted from payroll on a pretax basis as permitted under Section 125, IRS Code.